



Q4 and FY 2021 Earnings Call

March 10, 2022

Today's Presenters



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Highlights in Today's Presentation

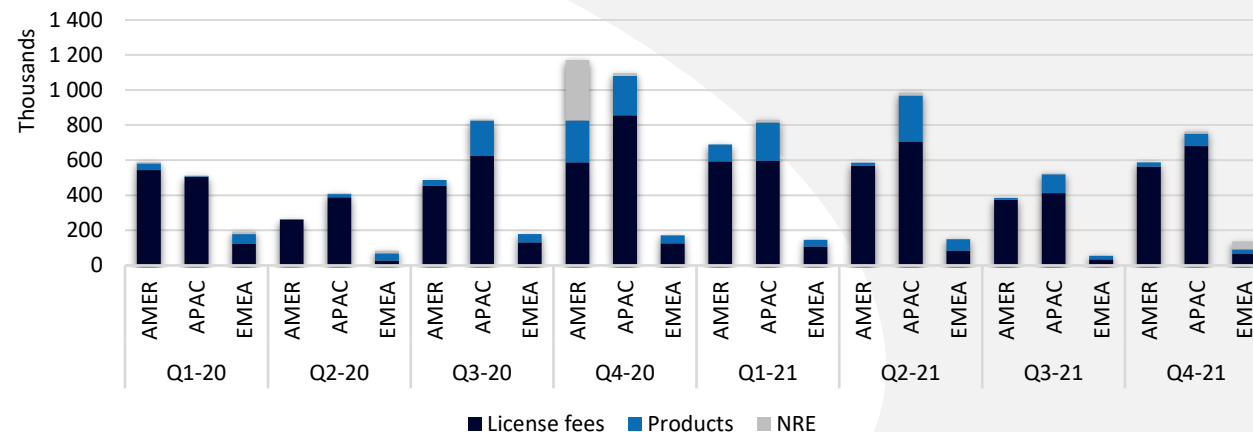
- COVID-19 continues to bring challenges to our sales and business development
- Our sales continued to be slow during Q4 2021, but license revenues from existing licensing customers recovered
- Our sales pipeline contains a growing number of TSM opportunities and also several NRE and licensing opportunities
- We are well positioned to become the leader in growing contactless touch market and expand our products business and also to revitalize and grow our NRE and licensing business

Agenda

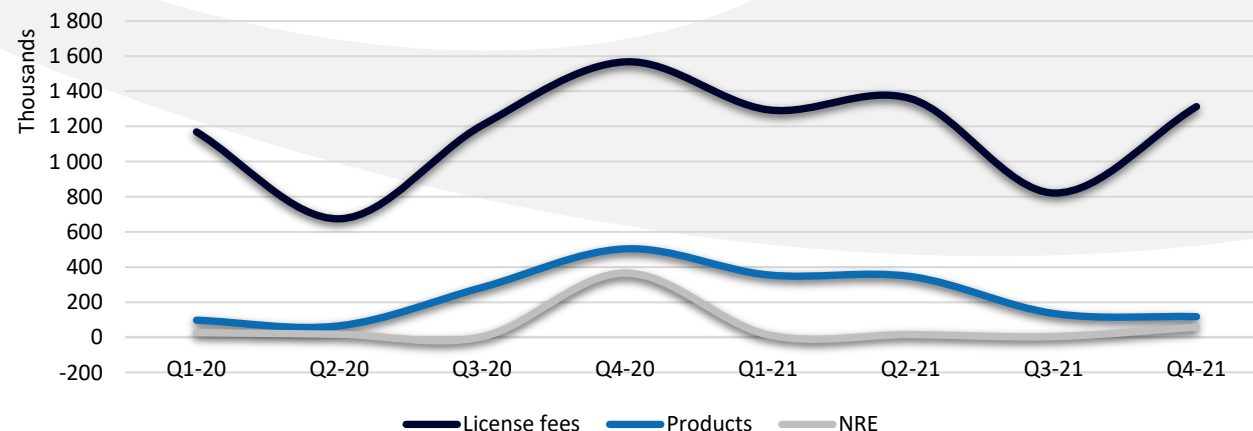
- 1. Q4 and FY 2021 Financial Results**
2. Strategy and Business Update
3. Marketing Insights
4. Concluding Remarks
5. Q&A

Q4/'21 Financial Results – Revenues

Revenues by Revenue Stream and Region



Revenues by Revenue Stream



\$5.8 million
2021 Revenue Total

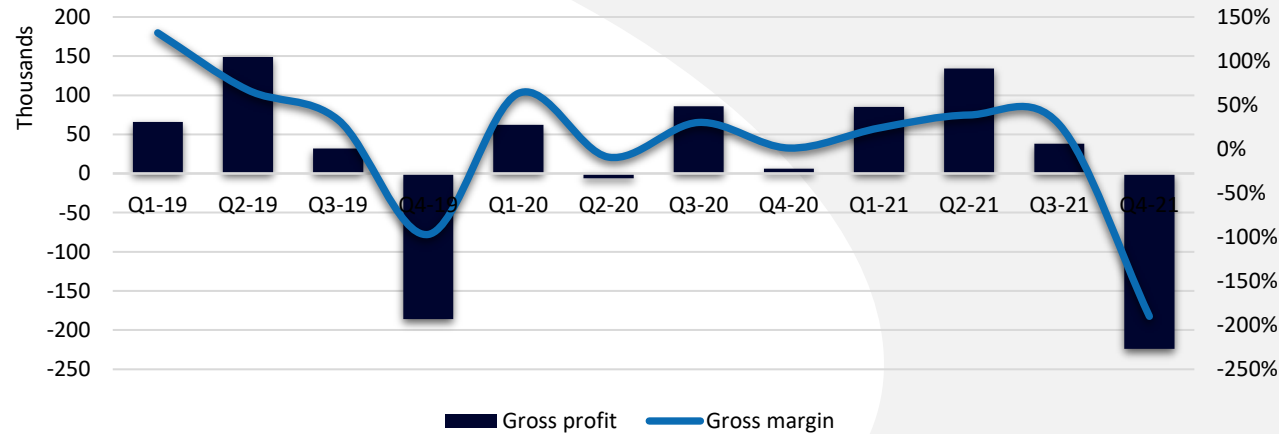
▼ 3% YoY

\$1.0 million
2021 Revenue Products

▲ 1% YoY

Q4/'21 Financial Results – Gross Profit/Margin

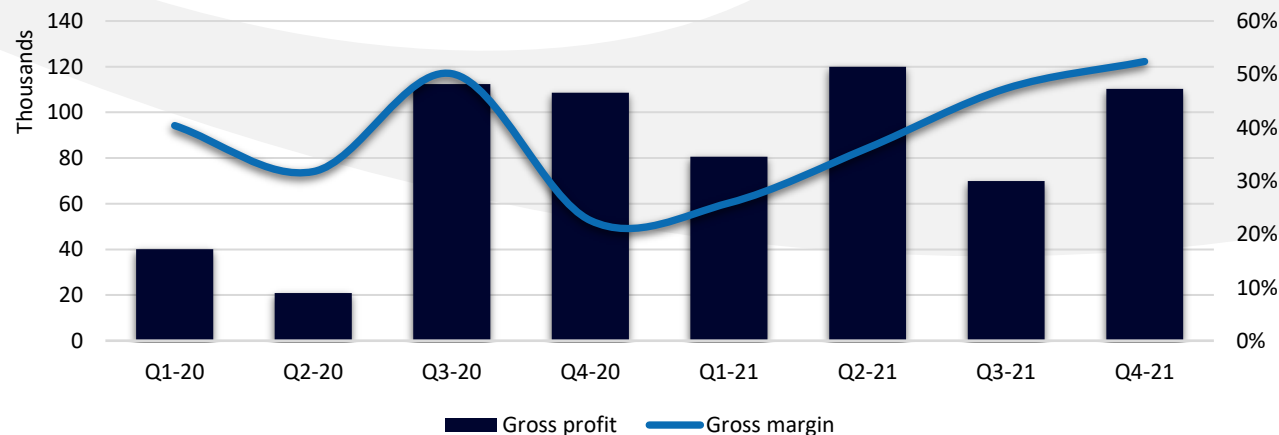
Gross Profit/Margin Products



4%
2021 Gross Margin Products

▼ -13pp YoY

Gross Profit/Margin TSMs Adjusted

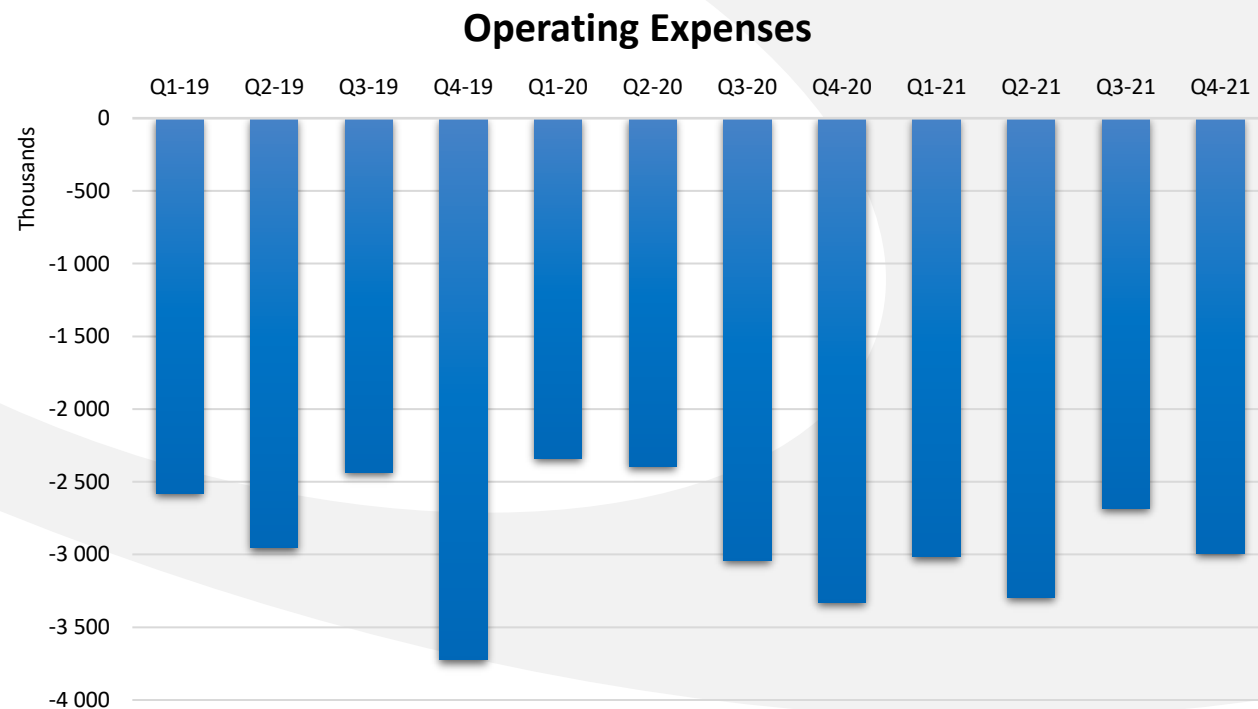


52%

Q4 Adjusted Gross Margin TSMs

▲ 29pp YoY

Q4/'21 Financial Results – Operating Expenses



**\$12.0
million**

2021 Operating Expenses

▲ 8% YoY

Q4/'21 Financial Results – P&L

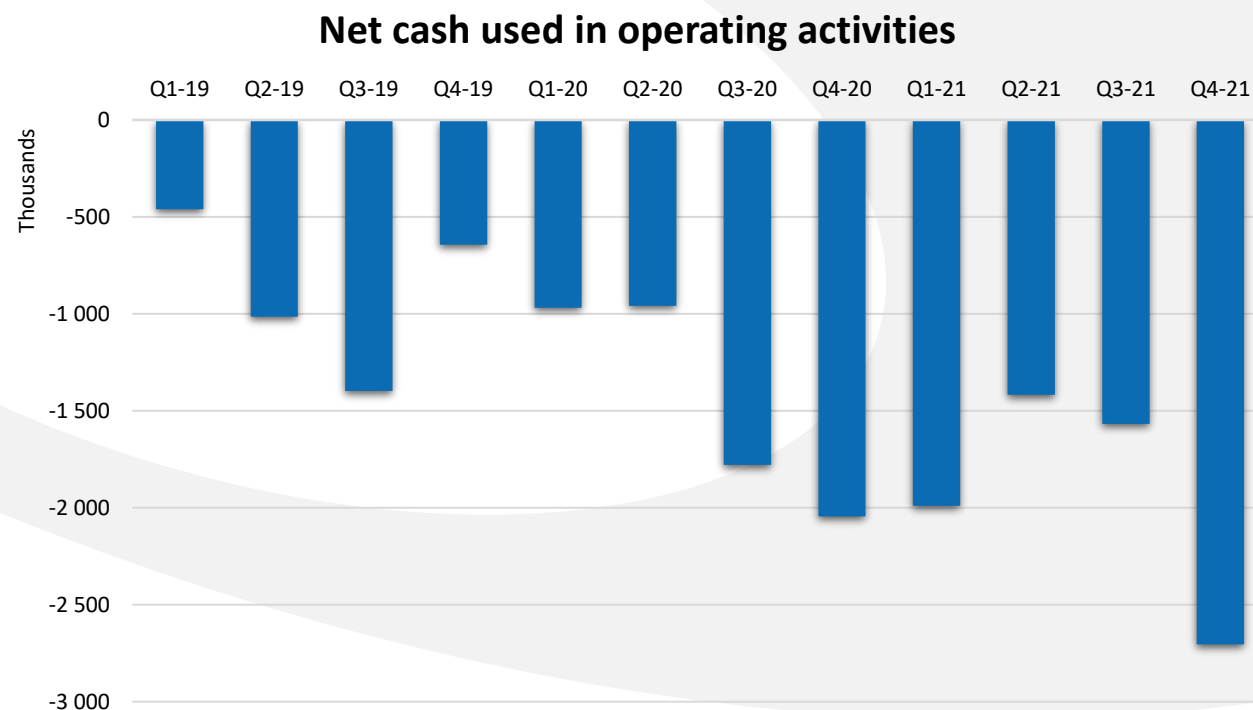
<i>kUSD</i>	2019	2020	2021
Revenues	6 646	5 984	5 836
Cost of revenues	683	1 078	955
Gross margin	5 963	4 906	4 881
Operating expenses	11 693	11 097	11 988
Operating loss	-5 730	-6 191	-7 107
Other expense	-34	-32	-15
Loss before provision for income taxes	-5 764	-6 223	-7 122
Provision for income taxes	38	59	146
Net loss including noncontrolling interests	-5 802	-6 282	-7 268
Less: net loss attributable to noncontrolling interests	504	677	818
Net loss attributable to Neonode Inc.	-5 298	-5 605	-6 450
Preferred dividends	-	-33	-
Net loss attributable to common shareholders of Neonode Inc.	-5 298	-5 638	-6 450

**-\$6.5
million**

2021 Net Loss

▼ 15% YoY

Q4/'21 Financial Results – Cash



**\$7.7
million**

2021 Net Cash Burn
Operating Activities

▲ 33% YoY

**\$18.7
million**

Cash and Accounts
Receivables
Dec. 31, 2021

▲ 6,5 Million
Dec. 31, 2020

Agenda

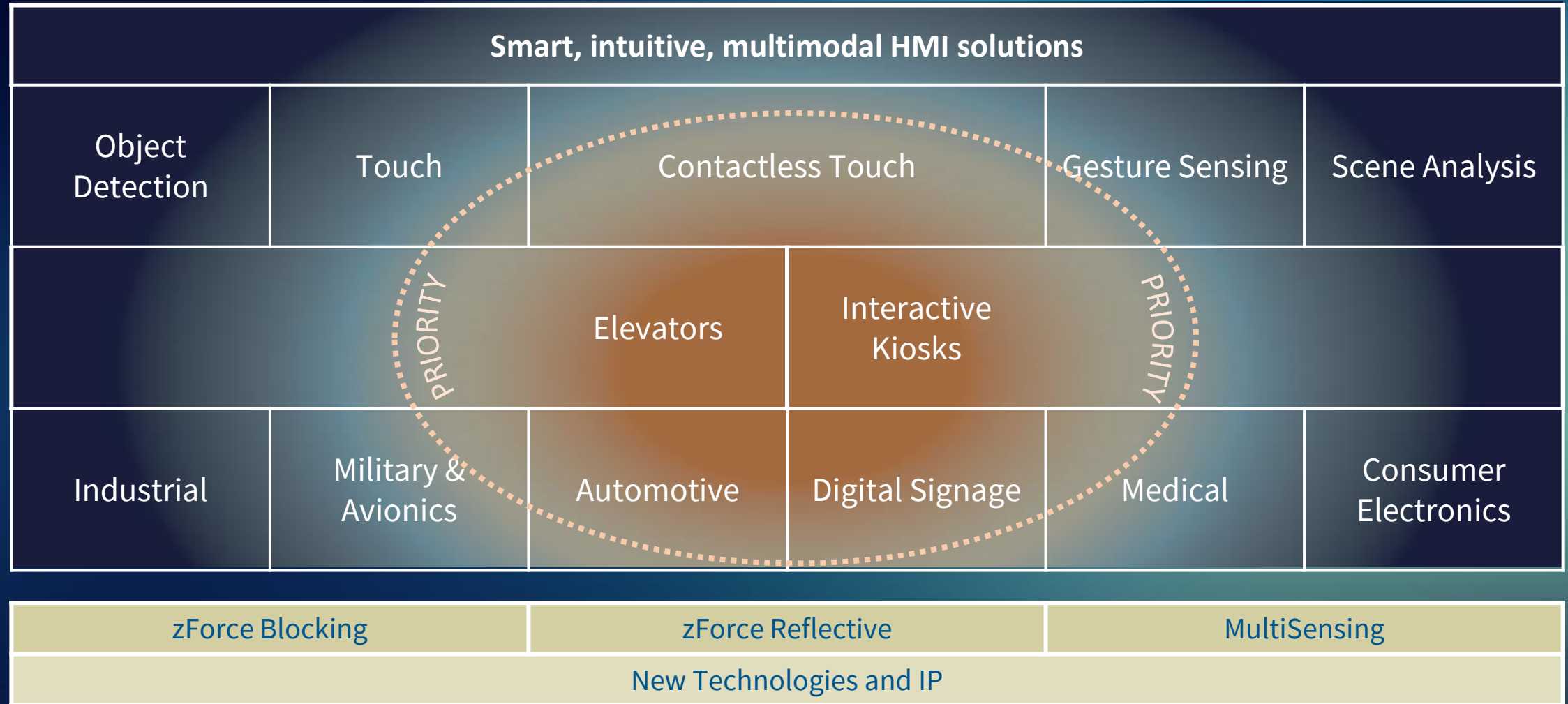
1. Q4 and FY 2021 Financial Results
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VISION

To transform the way humans
interact with machines

Business Scope and Focus



zForce Technology Highlights

- ✓ Advanced IR-based touch, gesture sensing, and object detection
- ✓ Applications include eReaders, printer displays, vehicle infotainment systems, medical systems, avionics displays
- ✓ License customers include HP, Epson, LG and several other OEMs and ODMs



New Applications and Product Offers

- ✓ Contactless touch in high demand worldwide
- ✓ Elevators and interactive kiosks are perfectly positioned to benefit from Neonode's proven technology
- ✓ Neonode Touch Sensor Modules ideal for retrofitting and new equipment installations



Why Contactless Touch

In a changing world, the requirements for safe interactions in public spaces are increasing at an unprecedented level, putting pressure on providers of self-service, multi-user kiosks, elevators and everyone whose product involves physical interactions.

With Neonode's Touch Sensor Modules you can mount a sensing field in parallel with your existing control panel or touchscreen or design a completely new experience with touch on a holographic projection.



0% Contact

With our Touch Sensor Module, there is no physical contact with any display or surface that might contain pathogens.



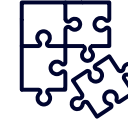
A Familiar Interface

No need to rebuild - work with your existing GUI when enabling in-air touch interaction



Keep the Gloves On

Stay safe while enabling stable touch interaction using gloves or other input methods.



Ready for Integration

Our Touch Sensor Modules can work as touch HID devices over USB or I2C, giving integrators a fast out of the box experience.

“

Today, more than ever, elevator passengers prefer to avoid touching elevator fixtures and buttons as much as possible to reduce the spread of germs and viruses.



<https://blog.otis.com/us/touchless-elevator-solutions-for-greater-safety-and-convenience>

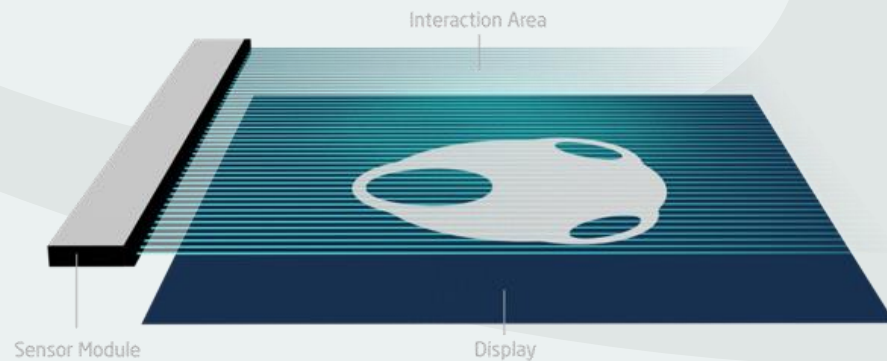
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Neonode Contactless Touch Technology

Two ways to go!

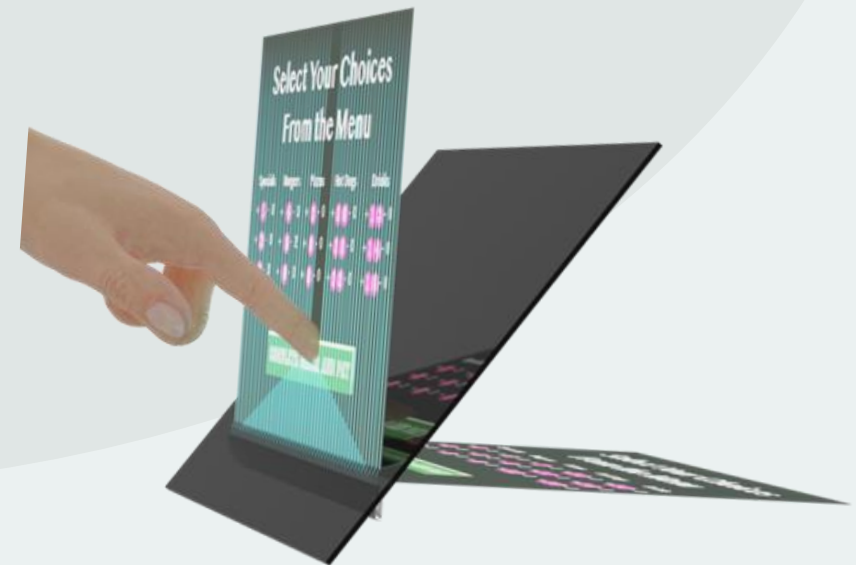
Parallel plane solution

Touch interaction area hovering above or in front of a display or surface

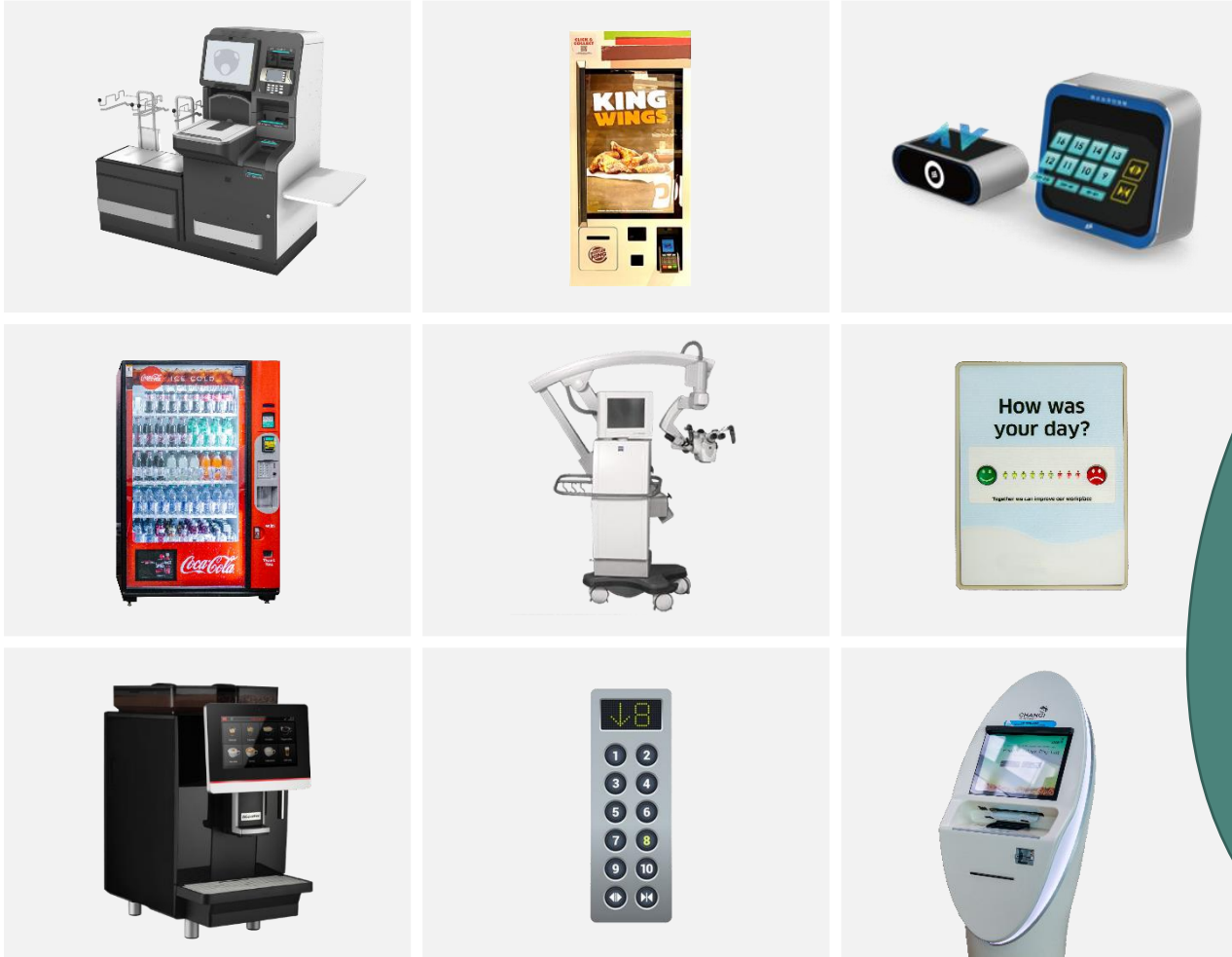


Holographic solution

Touch interaction on an in-air display



Application Examples



- Self-Ordering
- Vending Machines
- Coffee Machines
- Self Check-in
- Digital Signage
- Medical screens
- Point-of-Sale
- Elevators





7-Eleven Japan Holographic Self-Checkout

7-Eleven takes contactless shopping to the next level with holographic self-checkout kiosks.





MARKETON Safe Touch Display for Contact-Free Devices

Developed by MARKETON Co. Ltd. the 'Safe Touch Display' has been developed as part of the Korean Government's initiative to expand contact-free services as a response to the COVID-19 outbreak.

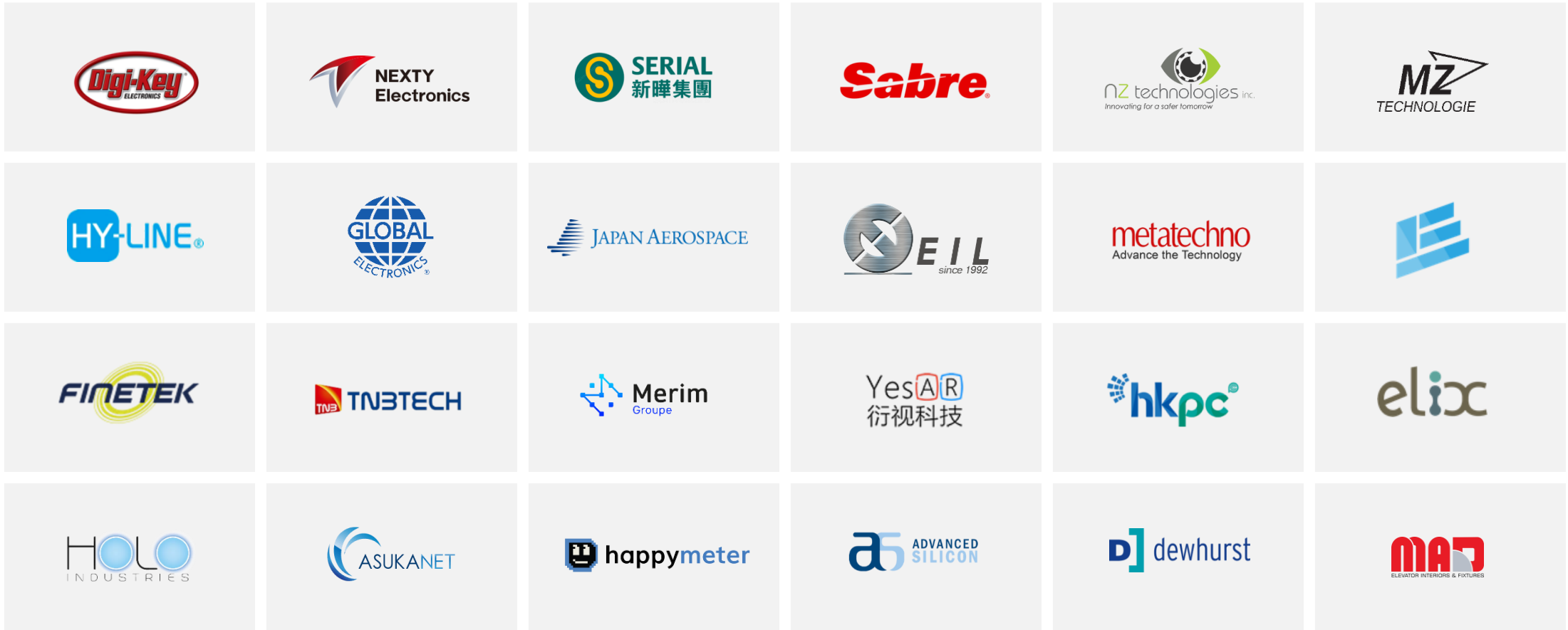


Japanese Sushi Chain Contactless Self-Service Kiosks

One of the largest sushi restaurant chains in Japan has deployed a contactless retrofit solution to all existing self-service kiosks in their over 500 restaurants nationwide.

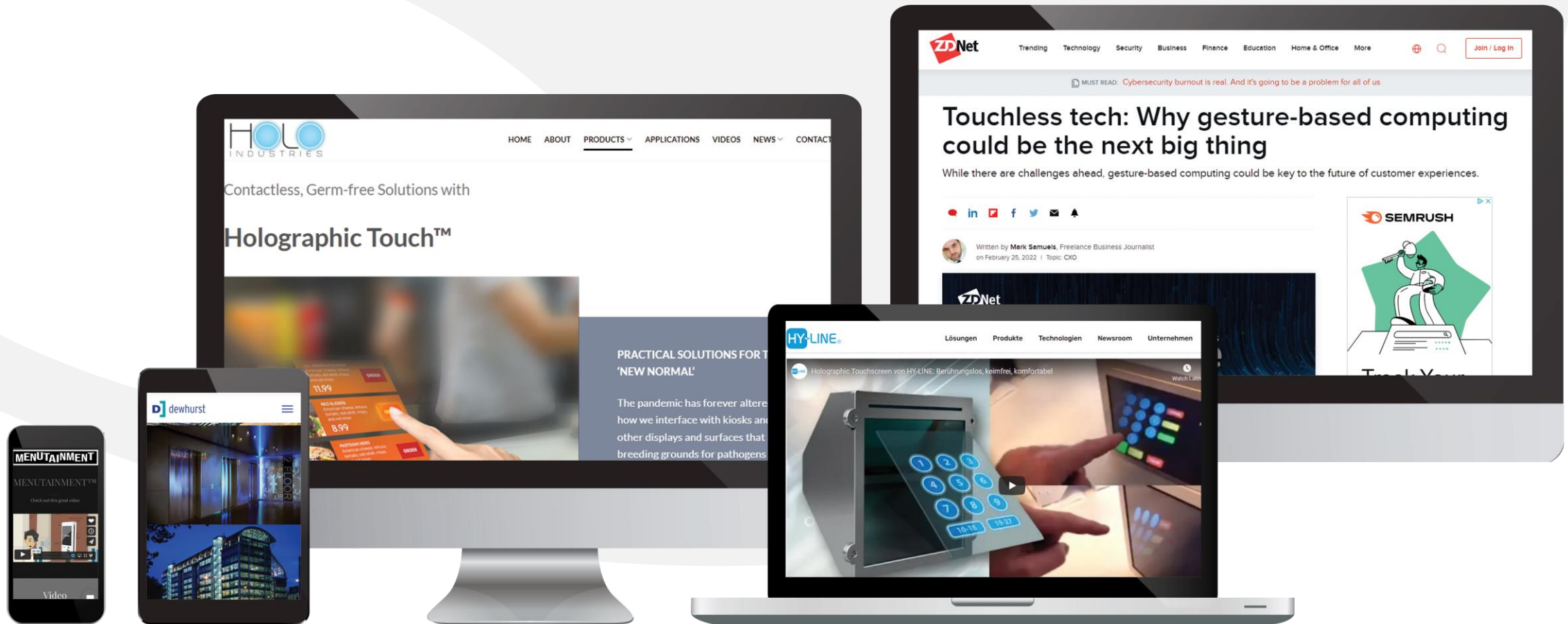


Partner Network



Widespread Online Promotion

Neonode and Partners



MultiSensing

Scene Analysis for Automotive and Retail Applications

Neonode offers custom applications tailored for each customer's specific needs based on our flexible and scalable software platform MultiSensing

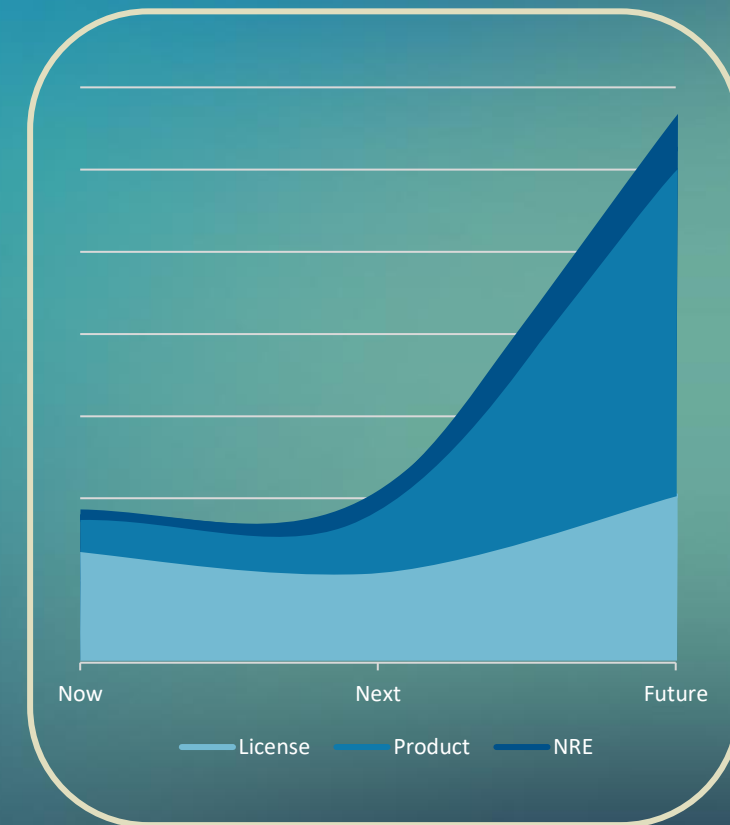
- Automotive: Driver and in-cabin monitoring features
- Retail: Analytics functions and smart kiosk and digital signage applications

MultiSensing supports efficient and controlled development of customer applications regardless of hardware platforms



Business Model with Significant Revenue Potential

	Now	Next	Future
License Revenues	Existing business with more than a dozen customers, mainly printer manufacturers and automotive Tier 1s	Support current customers and work to win new businesses in automotive, military & avionics, and other segments	Continue to expand licensing business to new customers and segments, and to SW-only solutions
Product Revenues	Touch Sensor Module sales, mainly for contactless touch applications in elevators and interactive kiosks	Widen the market scope to include additional market segments and geographical markets	Broaden the product portfolio and continue to expand to further market segments
NRE Revenues	Continue to offer engineering services to facilitate new licensing businesses and to support and drive product sales		



Snapshot of Current Sales Pipeline

Touch Sensor Module Opportunities

Elevators:

- Integrators and solution providers: Several engagements worldwide
- Control panel OEMs: Cooperating with several leading companies, e.g., MAD Elevator, Dewhurst, and Finetek
- Elevator OEMs: Engaged with several of the top 10 OEMs plus additional top 25 OEMs

Interactive kiosks:

- Integrators and solution providers: A large number of engagements worldwide
- OEMs: Several engagements with leading OEMs, in particular in Japan, Korea, and France
- ODMs: Several opportunities with ODMs in North America and South East Asia

NRE and Licensing Opportunities

Automotive: Several engagements with OEMs and Tier 1s, e.g., related to:

- HUD obstruction detection
- Driver monitoring
- Gesture sensing

Other engagements (examples):

- Printer OEM: Touch/contactless touch features
- Avionics OEM: Touch/contactless touch features
- Retail solution provider: Analytics

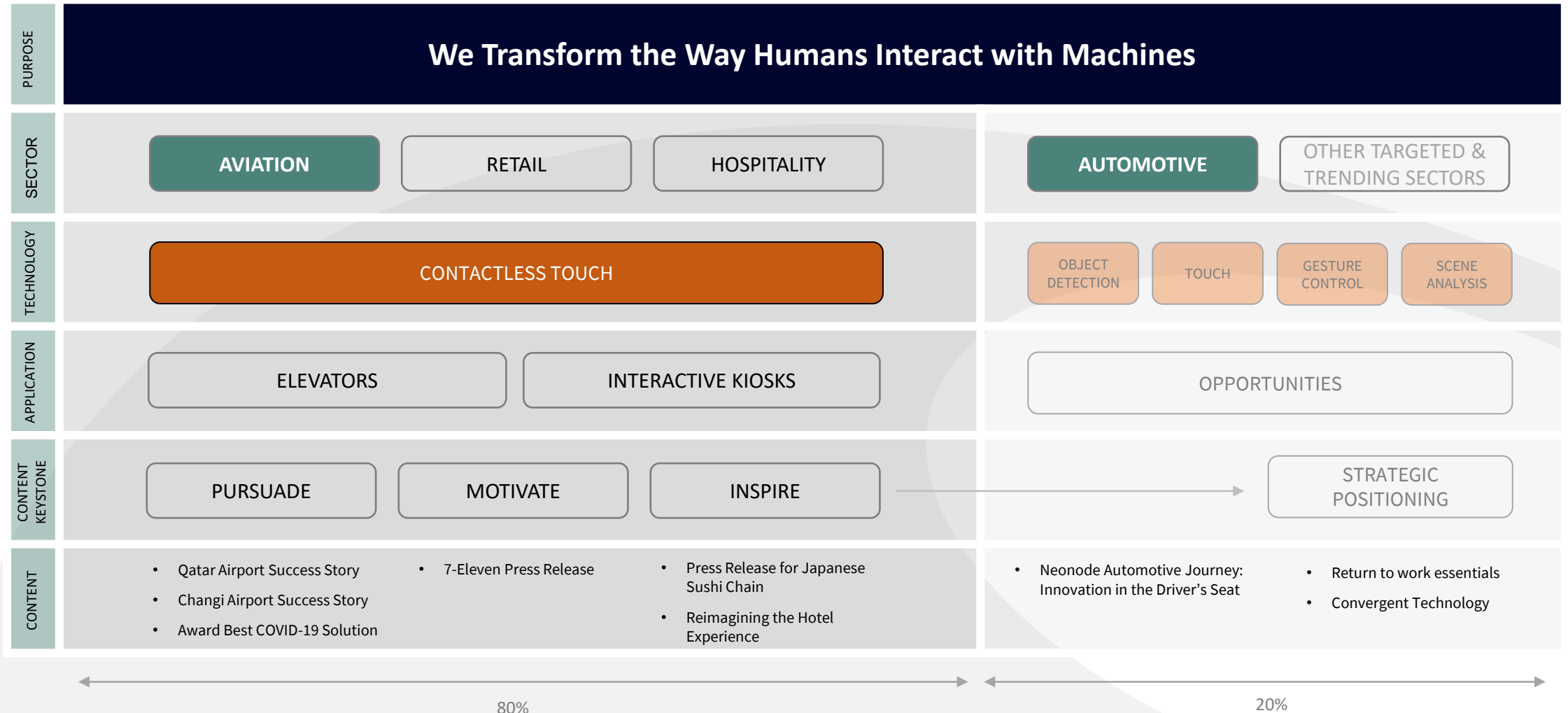
Several Growth Initiatives to Accelerate Further



Agenda

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Communication Framework



Positioning Neonode Within Aviation



SEE
Brand Awareness



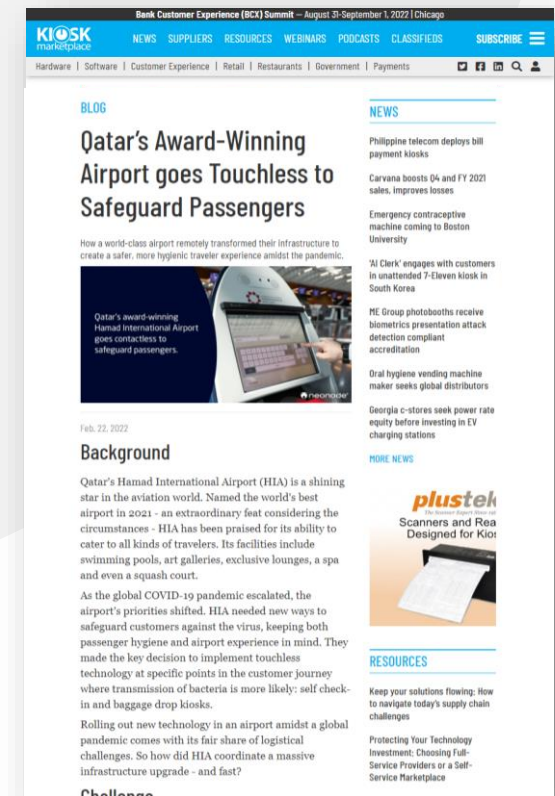
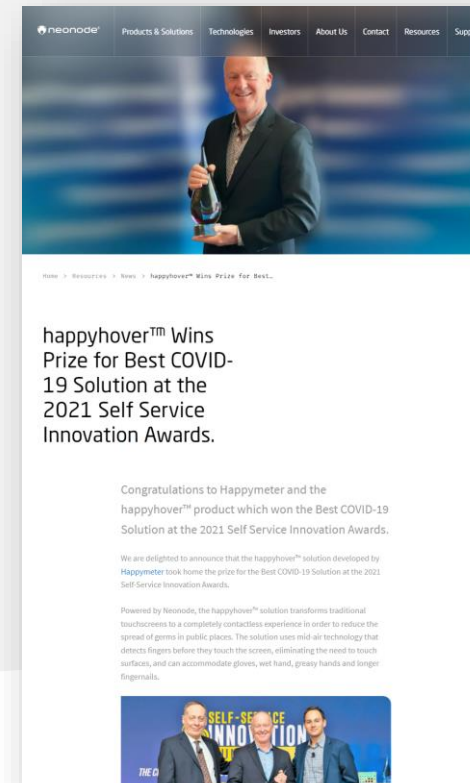
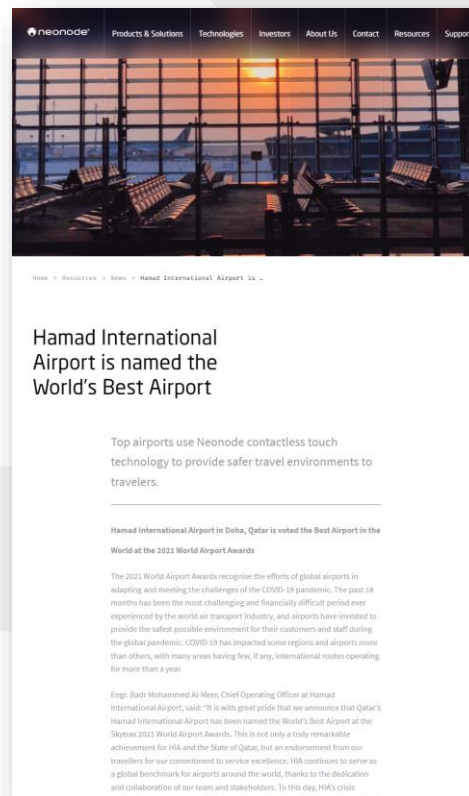
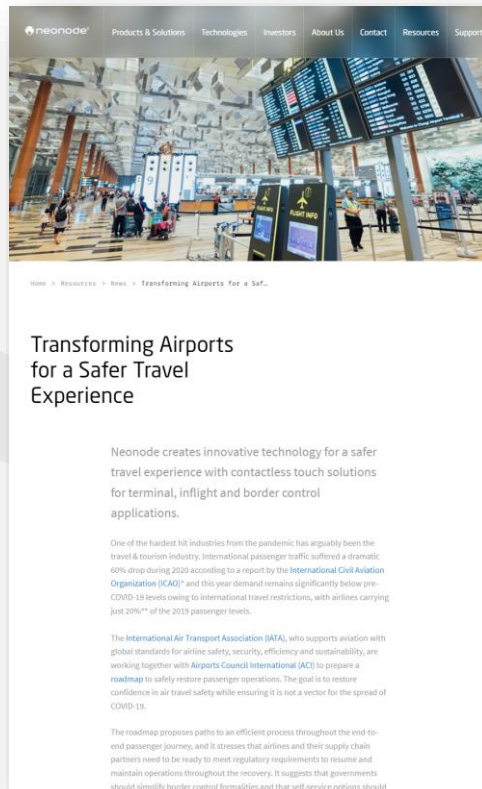
THINK
Positioning



DO
Lead Generation



CARE
Loyalty & Repeat Sales



Leads from Aviation Sector



SEE
Brand Awareness



THINK
Positioning



DO
Lead Generation



CARE
Loyalty & Repeat Sales



Home > Resources > Success Stories > Creating a Safer Passenger Exp...

Creating a Safer Passenger Experience with Touchless Technology at Singapore Changi Airport

Published 14-12-2021, 13:58

Contactless Touch Airports Aviation Touchless Technology

How one world-leading airport embraced touchless technology to give passengers peace of mind and reinforce their reputation as an industry trailblazer.

Background

Singapore Changi Airport is nothing short of iconic. Named the world's best airport for eight consecutive years, it's practically a tourist destination in itself.

But awards and waterfalls are no shield against a global pandemic. Like every other business in the travel industry, the airport quickly felt its impact as tourism ground to a halt. In response, Changi Airport Group immediately set



Home > Resources > Success Stories > Qatar's award-winning Hamad Int...

Qatar's award-winning Hamad International Airport goes touchless to safeguard passengers

Published 19-01-2022, 13:46

Contactless Touch Aviation Airport Technology

How a world-class airport remotely transformed their infrastructure to create a safer, more hygienic traveler experience amidst the pandemic.

Background

Qatar's Hamad International Airport (HIA) is a shining star in the aviation world. Named the world's best airport in 2021 - an extraordinary feat considering the circumstances - HIA has been praised for its ability to cater to all kinds of travelers. Its facilities include swimming pools, art galleries, exclusive lounges, a spa and even a squash court.

As the global COVID-19 pandemic escalated, the airport's priorities shifted. HIA needed new ways to safeguard customers against the virus, keeping both



Home > Resources > Press Releases > Neonode Touch Sensor Modules Se...

Neonode Touch Sensor Modules Selected for Contactless Airport Kiosk Trials by Doostek in South Korea

Press Release NEUR South Korea Neonode Touchless Contactless Touch

Airport Kiosks Self Check-In Doostek Touch Catch TNS Tech

STOCKHOLM, SWEDEN, September 29, 2021 -- Neonode Inc. (NASDAQ: NEON), is pleased to announce that TNS Tech, a Neonode value-added reseller, has been selected by Doostek for contactless self check-in kiosk trials at a major Korean airport featuring Neonode contactless touch technology.

In 2020, Doostek, a Korean contactless solution provider, started evaluation of Neonode touch sensor modules and, following a successful testing period, Doostek decided to develop a contactless kiosk solution for airport self check-in. This contactless retrofit solution, called **Touch Catch**, has been installed on several self check-in kiosks at a major Korean airport. The field trial was started in May 2021 and is still ongoing with Doostek and the airport currently monitoring user experience and response from passengers.

"The interactive kiosk segment is important to Neonode's contactless business and I am delighted having a new customer in Doostek with a capable solution that is now making its way into the Korean airport kiosks," said Urban Forszell, CEO of Neonode.

Daniel Kim, CEO of Doostek, said: "I am proud of Touch Catch and the self check-in airport installation. Thanks to Neonode's contactless touch technology, we will contribute to a virus free travel and I am looking forward to expanding Doostek through product adoption at many Korean airports."



Home > Resources > Press Releases > Neonode-Powered Smart Luggage C...

Neonode-Powered Smart Luggage Carrier by Shanghai Yihang Internet Technology Deployed at Beijing Daxing International Airport

Press Release Airport NEUR Neonode Touchless Contactless Touch

Smart Trolley Beijing Daxing International Airport PKX

STOCKHOLM, SWEDEN, September 29, 2021 -- Neonode Inc. (NASDAQ: NEON), is pleased to announce that Shanghai Yihang Internet Technology ("SYIT"), a Neonode customer in China, has been selected by Beijing Daxing International Airport to deploy their smart luggage carrier featuring Neonode touch sensor modules.

The smart airport trolley developed by SYIT, called uGO, is a portable luggage carrier that is equipped with a touchscreen display to guide, inform, and entertain passengers with real-time departure and airport information in their native language. The uGO trolley is made for demanding public environments where durability, image quality and power consumption are key. The responsive touch screen display unit is powered by Neonode touch sensor modules. In August 2021, uGO started to be deployed at Beijing Daxing International Airport and the rollout will continue at other Chinese airports during Q4 2021.

"I am happy to have SYIT as a customer and look forward to the market adoption of their competitive product offering as a great addition to our already strong presence of contactless touch solutions in the airport domains," said Urban Forszell, CEO of Neonode.

Tyler Jie, CEO of SYIT, said: "We are impressed by the versatility and performance of the Neonode products and found it a perfect fit for the uGO airport trolleys. We are now eager to accelerate the

Focus on Automotive



SEE

Brand Awareness



THINK

Positioning



DO

Lead Generation



CARE

Loyalty & Repeat Sales



Home > Resources > News > Time to Converge: Contactless T...

Time to Converge: Contactless Touch in the Post-Digital Age

Digital Convergence Contactless Touch Machine Learning Artificial Intelligence Virtual Reality
Kiosks Automotive MedTech Elevators Smart Home Convergent Technology

Technologies that were recently still relegated to the realm of sci-fi are now becoming part of our everyday lives. AI, machine learning, VR, and holograms are testament to the innovative nature of humankind. But what happens when you converge them with contactless technology too?



Home > Resources > News > Putting Innovation in the Drivi...

Putting Innovation in the Driving Seat: Our Automotive Journey

Automotive In-Cabin Monitoring Smart Steering Wheel Autonomous Driving

The automotive industry has always been a cradle of innovation, with R&D investments across the sector increasing every year. Here's a quick tour of how Neonode technology has been transforming the in-vehicle experience worldwide for over a decade.

The automotive sector is a shining example of how technology can be used to improve the day-to-day lives of billions of people. Vehicle manufacturers from all corners of the market continuously embrace innovative ways to make the driving experience safer, and it's no wonder.

Technology Areas:

- Object detection
- Gesture sensing
- Scene analysis
- Touch

Application Areas:

- HUD systems
- Infotainment systems
- Driver monitoring
- Interior control systems



Upward visitation
from automotive
customers

Events and Tradeshows

Neonode and Partners



Agenda

1. Q4 and FY 2021 Financial Results
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- 4. Concluding Remarks**
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Concluding Remarks

- Q4 2021 sales slow, but license revenues recovered
- Very interesting sales pipeline
 - Touch Sensor Module opportunities
 - NRE and licensing opportunities
- Well positioned to become the leader in growing contactless touch market and to grow our Touch Sensor Module business
- Good possibilities to re-vitalize our NRE and licensing business

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Thank you.



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Interested in a follow up?

Meet the CEO, CFO and other team members at Neonode's offices in Garnisonen in Stockholm, Sweden, March 22.

Details will be posted on our website and in social media.

Appendix

Non-GAAP Financial Measures

In addition to presenting our financial results in accordance with accounting principles generally accepted in the United States (“GAAP”), we use adjusted gross margin to measure our financial performance. We define adjusted gross margin as gross margin excluding AirBar sales revenues and costs and adjusting for costs and lost revenues caused by a quality issue and one-time write-down of inventory. We believe adjusted gross margin is a meaningful measure because it reflects the performance of our TSM business, which is our current focus. Non-GAAP financial measures should not be considered as alternatives to the most directly comparable GAAP financial measures. Our use of adjusted gross margin, a non-GAAP financial measure, has important limitations as an analytical tool because it excludes some, but not all, items that affect the most directly comparable GAAP financial measure. You should not consider adjusted gross margin in isolation or as substitutes for analysis of our results as reported under GAAP. Our definition of non-GAAP adjusted gross margin may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

The following tables presents a reconciliation of adjusted gross margin to gross margin, the most directly comparable GAAP financial measure.

<i>kUSD</i>	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	2020	2021
Revenue Products	98	66	284	502	355	346	136	118	950	955
Cost of Sales Products	-36	-72	-198	-496	-270	-212	-98	-342	-802	-922
Gross Profit Products	62	-6	86	6	85	134	38	-224	148	33
Lost revenues TSM quality issue	-	-	-	-	-	-14	12	92	-	90
Cost of sales TSM quality issue	-	-	-	-	-	4	27	-61	-	-31
Inventory write-down TSM quality issue	-	-	-	-	-	-	-	154	-	154
Revenue AirBar	1	-0	-60	-21	-43	-	-	-	-79	-43
Cost of Sales AirBar	-23	27	86	123	39	-4	-7	149	213	178
Adjusted Gross Profit Products	40	21	112	109	81	120	70	110	282	381
Gross Margin Products	63%	-9%	30%	1%	24%	39%	28%	-190%	16%	3%
Adjusted Gross Margin Products	40%	32%	50%	23%	26%	36%	47%	52%	32%	38%